

WATER INFRASTRUCTURE FINANCE AND INNOVATION ACT PROGRAM (WIFIA)

BACKGROUND:

- The successful program launch was possible through development of program rules, internal infrastructure, guidance and application procedures for prospective borrowers, and outreach material.
- WIFIA loans can be provided for a broad array of water infrastructure projects and can be accessed by state, local and tribal governments as well as private entities including public-private partnerships. WIFIA loans can be paired with SRF loans.
- The selection of projects to apply is part of a two phase application process.
 - The first phase requires submission of a Letter of Interest by a prospective borrower. This allows EPA to evaluate projects using statutory and regulatory criteria, conduct an initial creditworthiness review, a preliminary engineering review, and to select projects, while keeping applicant costs to a minimum.
 - Selected projects are then invited to submit an application that provides a greater amount of detail and allows EPA to underwrite a loan and negotiate loan terms with the prospective borrower prior to executing a term sheet and loan agreement.
- Congress appropriates funding for WIFIA in the form of credit subsidy to cover expected losses. Because expected losses in the water infrastructure industry are low, the WIFIA program is able to set-aside a small amount of Federal dollars as the loan loss reserve for a much larger loan. The estimated leverage ratio for WIFIA is between 1-2%, meaning that \$1 of budget authority to cover the subsidy cost of credit assistance can leverage \$50-\$100 dollars of lending capacity and \$100-\$200 of water infrastructure investment.

CURRENT STATUS:

- In January 2017, EPA officially launched the WIFIA program by issuing a Notice of Funding Availability seeking projects interested in applying for WIFIA loans.
- In April 2017, EPA received 43 letters of interest in response to this request, more than quadruple the capacity of the loan program, based on the \$25 million in appropriated budget authority for WIFIA in FY 2017.
- In July 2017, EPA announced the 12 projects selected to continue with the application process, which seek \$2.3 billion in credit assistance to help finance more than \$5 billion in water infrastructure investment.

Ex. 5 Deliberative Process

TALKING POINTS:

Deliberative Process / Ex. 5